

LEASE AGREEMENT

This Lease Agreement made this 1st day of July, 2009, by and between Michael E. Halleck and Sandra S. Halleck, hereinafter "Lessor", and the Town of Frederick, Colorado, hereinafter "Lessee,"

WITNESSETH, in consideration of the covenants herein, it is agreed:

1. Lease of Premises. Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, certain real property located at Frederick Colorado, ("Leased Property") more fully described as follows:

Portions of Lots 5 and 6, Halleck Subdivision, Frederick, Colorado, as shown in Exhibit A, incorporated herein by reference

2. Condition of Property. Lessee has examined the property and accepts the same in present condition. Except as otherwise provided in this lease, Lessee shall return the property to Lessor upon expiration or termination of this lease, in the same condition as received, ordinary wear and tear excepted.

3. Term. Subject to annual appropriation, the term of this lease shall be indeterminate except that either party may terminate the lease on thirty (30) days written notice.

4. Delivery of Possession. Lessee shall be entitled to possession of the Leased Property at noon (12:00:00 PM, MST) on the date of commencement of the lease term. At the expiration or termination of this lease, Lessee shall peaceably and quietly quit and surrender to Lessor the premises in good order and condition subject to the other provisions of this lease.

5. Rental. In consideration for use and possession of the premises, Lessee promises to make monthly payments of one thousand five hundred dollars (\$1,317.00) beginning on July 1, 2009. Payments to be payable within thirty (30) days of Lessee's receipt of an invoice from Lessor.

6. Triple Net Lease. This lease is "triple net" and all costs and expenses of any kind or nature are to be borne by the Lessee. This includes insurance, taxes, maintenance, and any non-development based fee imposed by the Town after July 1, 2009. This "triple net" amount will be adjusted on February 1 of each year and will be payable in the rent payment for that February and each succeeding month until later adjusted.

A. Lessor estimates that the "triple net" for the calendar year 2009 are estimated to be \$.00519 per square foot.

B. This "triple net" amount will be adjusted on February 1 of each year and will be payable in the rent payment for that June and each succeeding month until later adjusted.

7. Use. Lessee may use and occupy the Leased Property for any lawful purpose except that Lessee will not erect any structures and will not dump street sweepings on any of the lots. Lessee shall not use or occupy nor permit the Leased Property or any part thereof to be used or occupied for any unlawful business, use or purpose, nor for any business, use, or purpose deemed extra-hazardous, or which would void or make voidable any insurance coverage, nor for any purpose or in any manner which is in violation of any present or future governmental laws or regulations. Lessee shall not allow any odors, fumes, or vibrations on the leased premises, or any notice thereon which would cause disruption of normal activities on adjacent premises. To the extent permitted by law, the Lessee shall indemnify Lessor against all costs, expenses, liabilities, losses, damages, injunctions, suits, fines, penalties, claims, and demands, including reasonable attorney's fees, arising out of any violation of or default in this covenant by Lessee.

8. Possession and Quiet Enjoyment. The Lessee, upon payment of the rent herein reserved and upon the performance of all the terms of this lease, shall at all times during the lease term and during any extension or renewal term, peaceably and quietly possess and enjoy the Leased Property without any disturbance from Lessor or from any other person claiming through Lessor.

9. Maintenance, Repairs, Waste. Lessee shall be responsible for maintenance and repairs required to maintain the Leased Property at the sole cost and expense of Lessee. Such maintenance and repairs shall be made promptly, as and when necessary. Lessee shall not allow or permit any waste of the leased premises, or any nuisance, and shall keep the leased grounds free from accumulations of trash or debris.

10. Indemnity. Lessor shall not be liable for any loss, injury, death, or damage to persons or property which at any time may be suffered or sustained by Lessee or by any person whosoever may at any time be using or occupying or visiting the demised premises or be in, on, or about the same, whether such loss, injury, death, or damage shall be caused by or in any way result from or arise out of any act, omission, or negligence of Lessee or of any occupant, subtenant, visitor, or user of any portion of the premises, or shall result from or be caused by any other matter or thing whether of the same kind as or of a different kind than the matters or things above set forth, and to the extent permitted by law, Lessee shall indemnify Lessor against all claims, liability, loss, or damage whatsoever on account of any such loss, injury, death, or damage except for damages or losses arising by reason of the negligence or misconduct of Lessor, their agents, or employees.

11. Taxes. Lessor agrees to pay any and all general taxes levied on the entire premises of the Halleck Subdivision (land and improvements included) for 2009 (due and payable in 2010). Commencing with the general taxes for 2010 (due and payable in 2011) and continuing for the remainder of the term hereof, Lessee, in addition to other rents herein provided, agrees to pay Lessor within ten days after receipt of written notice by Lessor of the total amount of increased general taxes levied against the entire premises, a proportionate increase in rent to reflect said increase in taxes. Said increase shall be based upon the proportion that the Leased Property bears to the total square footage of the Halleck Subdivision. Lessor shall likewise

reduce said additional rent herein provided whenever there shall be a reduction in general taxes; provided, however, that no reduction shall modify, reduce or alter the rental called for in paragraph 5 above.

12. Utilities. Lessor shall not be required to furnish to Lessee any facilities or services of any kind, such as, but not limited to, water, hot water, heat, gas, electricity, light and power.

13. Insurance. Lessee shall keep the property fully insured throughout the term of this lease against the following:

A. Casualty Loss. Loss or damage by fire and such other risks as may be included in the broadest form of extended coverage insurance from time to time available in amounts sufficient to prevent Lessor or Lessee from becoming a co-insurer within the terms of the applicable policies, and in any event in an amount not less than eighty percent of the then full insurable value.

B. Liability. Claims for personal injury or property damage under a policy of general public liability insurance, with such limits as may be reasonably requested by the Lessor from time to time, but not less than \$1,000,000.00/\$5,000,000.00 in respect of bodily injury, and \$1,000,000.00 for property damage.

14. Right of Entry. Lessor and their representatives may enter the Leased Property at any reasonable time for the purpose of inspecting the Leased Property, performing any work which the Lessor elect to undertake made necessary by reason of Lessee's default under the terms of this lease, exhibiting the Leased Property for sale, lease, or mortgage financing, or posting notices of nonresponsibility under any mechanic's lien law; provided, however, that any such action by Lessor shall not unreasonably interfere with the rights of Lessee.

15. Miscellaneous Provisions. The paragraph captions contained in this lease agreement are for convenience only and shall not in any way limit or be deemed to construe or interpret the term or provisions hereof. Time is of the essence of this lease agreement and of all provisions herein. This lease agreement shall be construed and enforced in accordance with the laws of the State of Colorado. If any provisions of this lease agreement shall be declared invalid or unenforceable, the remainder of the lease agreement shall continue in full force and effect. This lease agreement contains the entire agreement between the parties, and any executory agreement hereafter made shall be ineffective to change modify, or discharge it in whole or in part, unless such executory agreement is in writing and signed by the party against whom the enforcement of the change, modification or discharge is sought.

16. Notices. Any notice from one party to another, required by the terms of this lease agreement, may be delivered in person to such party (delivery to one or two or more persons named as a party shall be effective notice to all), or shall be delivered by first class mail, postage prepaid, and shall be deemed given one day after the date mailed, addressed to the respective parties as follows:

LESSOR: Michael E. Halleck
5704 WCR 22
Longmont, Colorado 80504

LESSEE: Town of Frederick
P.O. Box 435
Frederick, CO 80530

17. Immunities Preserved. Nothing in this lease agreement shall be construed as a waiver of Lessee's rights, immunities, privileges, monetary limitations on judgments, or defenses provided Lessee under Colorado law, as a municipal corporation or as otherwise available to the Lessee, its officers, agents, volunteers, or employees as a local government entity.

18. Nothing in this lease agreement shall be construed as a waiver of Lessor's rights, immunities, privileges, monetary limitations on judgments, or defenses provided Lessor under Colorado law, regarding agreements lawfully signed by authorized Town of Frederick officials.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have executed this lease agreement on the date set forth opposite their respective signatures.

LESSOR:

Michael E. Halleck

Susan S. Halleck

LESSEE:

TOWN OF FREDERICK

By _____
Eric E. Doering, Mayor

ATTEST:

Nanette Fornof, Town Clerk

STATE OF COLORADO)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 2009, by Michael E. Halleck and Susan S. Halleck.

My commission expires:
Witness my hand and official seal.

Notary Public

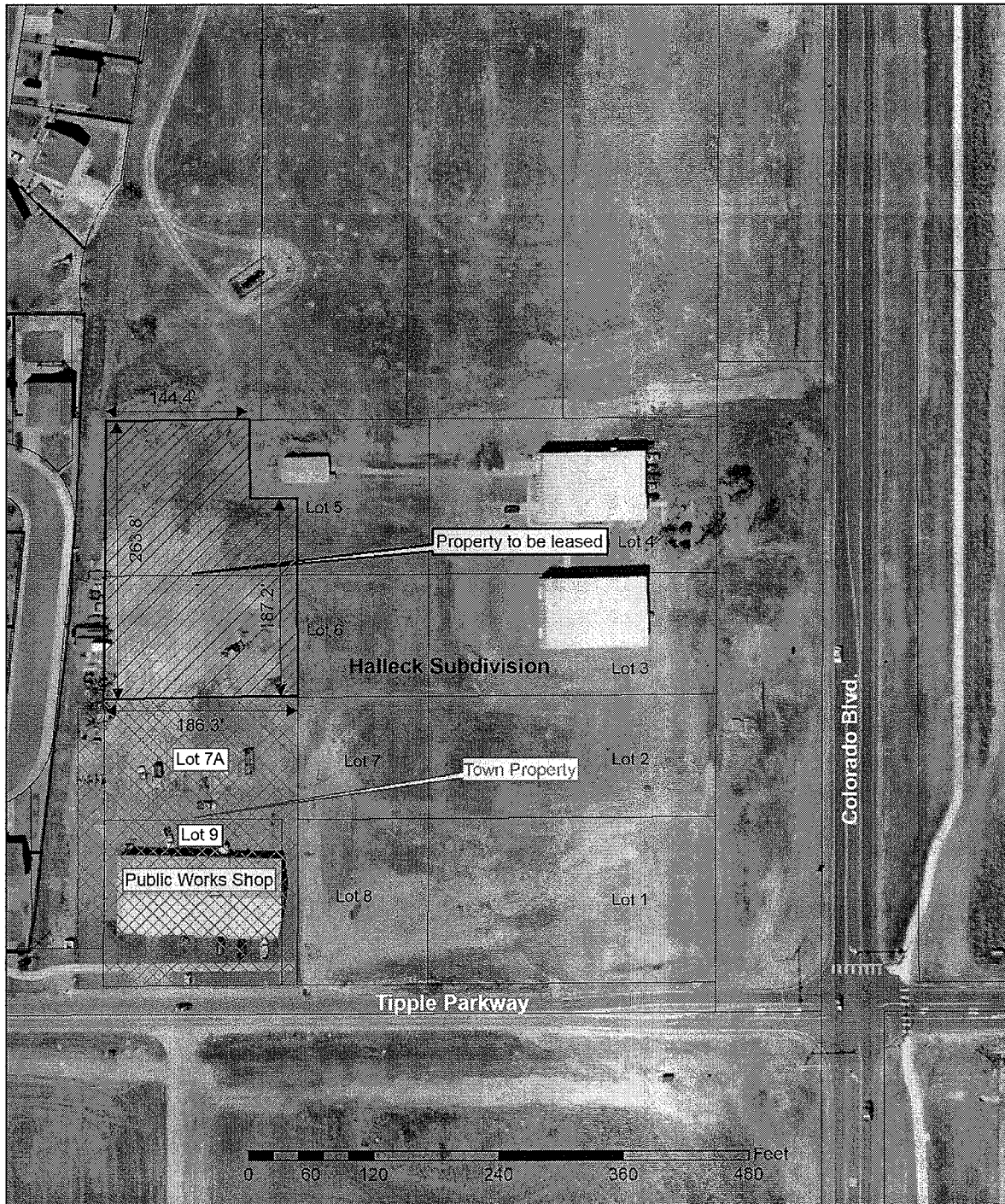
STATE OF COLORADO)
) ss.
COUNTY OF WELD)

The foregoing instrument was acknowledged before me this _____ day of _____, 2009, by Eric E. Doering and Nanette Fornof.

My commission expires:
Witness my hand and official seal.

Notary Public

EXHIBIT A **LEASED PROPERTY**



Town of Frederick
Planning Department
401 Locust St.
Frederick, CO 80530

Exhibit A
Halleck Lease
Date: 09/08/2009

